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**FISCAL IMPACT STATEMENT**

**LS 6579**

**BILL NUMBER:** HB 1117

**NOTE PREPARED:** Feb 2, 2010

**BILL AMENDED:** Feb 1, 2010

**SUBJECT:** Funding of Adult Education.

**FIRST AUTHOR:** Rep. Moseley

**FIRST SPONSOR:** Sen. Kruse

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides an adult education grant to school corporations as part of the state tuition support distribution. It adds the adult education appropriation for state fiscal year 2010-2011 to the state tuition support distribution appropriation for state fiscal year 2010-2011. The bill repeals a provision that permits a surplus in a tuition support distribution appropriation to be used to fund adult education.

**Effective Date:** (Amended) Upon passage; July 1, 2010.

**Explanation of State Expenditures:** The provision should not have any state fiscal impact. The bill takes the current FY 2010-2011 appropriation for adult education and moves it to the tuition support distribution for schools. The bill increases the tuition support distribution for CY 2010 by \$7 M and \$14 M for CY 2011. If the new formula distributes less adult education funding to local schools, then there could be an increase in the reversion from tuition support. If the new adult education distribution formula causes the CY 2010 or CY 2011 to exceed the calendar year maximum or the appropriation, then the total distribution for the calendar year would be reduced so it did not spend more than the appropriation or the calendar year maximum.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) The new adult education distribution is based on the number of students enrolled in adult education courses and the number of courses they take every six months. The formula equals:

1. The number of standard reimbursable units of adult education provided by the school corporation times,
2. The number of eligible adults taking classes times,
3. \$250 or \$325 if the adult education courses are substantially provided in a separate building during regular business hours from the courses offered for Grades K-12.
4. Schools receive the greater of the result in step 3 or what they would receive under the current adult education formula, based on teachers' salaries.

Depending on the number of students and courses provided, some schools could receive more under the new adult education formula than the current formula, and others would be held harmless. If the distribution for adult education exceeds \$7 M in a six-month period, the reduction is made to schools that would receive a greater distribution under the new formula.

*Background.* The current Adult Education appropriation is \$14 M per year and is a reimbursement of instructors' salaries and administrative and support costs as determined by the Department of Education. The reimbursement for instructor's salaries is based on a program average of 10 eligible adults per unit of instruction. The reimbursement for administrative and support cost is based on actual expenditures but cannot exceed 15% of the appropriation. During the 2008-2009 school year, approximately 45,288 eligible adults received adult education instruction.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Local schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.